

IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA



PARLIAMENT OF GHANA LIBRARY

REPORT OF THE
FINANCE COMMITTEE

ON THE

**CREDIT FACILITY AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA
(REPRESENTED BY THE MINISTRY OF FINANCE)
AND DEUTSCHE BANK AG (AS AGENT AND
ORIGINAL LENDER) AND DEUTSCHE BANK AG,
LONDON BRANCH (AS ARRANGER AND
STRUCTURING BANK) FOR AN AMOUNT OF
FIFTY-FIVE MILLION EUROS (€55,000,000.00)
RELATING TO THE REHABILITATION AND
AUXILIARY INFRASTRUCTURE OF KUMASI INNER
RING ROAD AND ADJACENT STREETS PROJECT
(100 KM) – PHASE 1**

13TH JUNE, 2019

1.0 INTRODUCTION

The Credit Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Deutsche Bank AG (as Agent and Original Lender) and Deutsche Bank AG, London Branch (as Arranger and Structuring Bank) for an amount of **Fifty-Five Million Euros (€55,000,000.00)** relating to the **rehabilitation and auxiliary infrastructure of Kumasi Inner Ring Road and Adjacent Streets Project (100 km) – Phase 1** was presented to the House on Tuesday the 28th day of May, 2019 by the Hon. Deputy Minister for Finance, Mr. Kwaku Agyeman Kwarteng on behalf of the Minister responsible for Finance.

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Agreement was *referred* to the Committee on Finance for consideration and report.

The Committee subsequently met and discussed the Agreement with the Deputy Minister for Finance, Hon. Kwaku Kwarteng, Deputy Ministers for Roads and Highways, Hon. Kwabena Owusu Aduomi and Hon. Anthony Karbo as well as officials from the Ministries of Finance and Roads and Highways. The Committee hereby submits this report to the House pursuant to the Standing Orders of the House.

The Committee is grateful to the above-mentioned Honourable Deputy Ministers and the officials for attending upon the Committee.

2.0 REFERENCES

The Committee referred to and/or was guided by the following documents *inter alia* during its deliberations on the Agreement:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)
- The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year.

3.0 BACKGROUND

Road transportation is the main means of movement in the Greater Kumasi Metropolis. It serves as the web within which all movements are made as well as connecting all other social and economic centres and the people in the region.

Over the years, it has been a big challenge to ensure a well-functioning road transportation system that would meet the needs of the Kumasi Metropolis with a rapidly increasing population.

The Kumasi road network has been characterised by deteriorated road surfaces, inadequate drainage structure and some missing links because of the urban dislocation due to the presence of some streams. As far as provision of alternative routes is concerned, the proposed rehabilitation of the strategically selected urban roads will have a tremendous impact in connecting the surrounding districts and making them more accessible thereby giving road users better conditions of use.

The road network of the Greater Kumasi Metropolitan Area has exhibited stress in a lot of areas due to increasing traffic volume exceeding the capacity of roads and major intersections. The road network in the city centre has significantly deteriorated and many sections of the roads have right of way constraints which will affect their future expansion.

However, the roads sections have been strategically selected considering the opportunities and possibilities of future expansion. The intervention being envisaged will by and large enhance the functionality of the road network by eliminating transit traffic through the urban areas of Kumasi and dispersing incoming traffic towards the urban centres. Furthermore, the redevelopment of the selected roads would enable traffic bypass Kumasi and provide access to critical land uses making the city more attractive and environmentally friendly.

3.1 PROJECT OBJECTIVES

The objectives of the Project is to facilitate socio-economic development of the country through an improved, efficient and cost-effective road transport system with enhanced road safety standards that integrate economic centres, contributing to poverty reduction and the improvement in the standard of living of the people in the project's influence areas. Specifically, the project seeks:

- To improve traffic circulation by enhancing the capacity of the road network by removing bottleneck sections of the road network;
- To support socio-economic development of Kumasi and surrounding communities by improving movement of people and goods;

- To develop and strengthen the functions and amenities of Kumasi City Centre and the primary centre of Greater Kumasi Sub-Region; and
- Disperse traffic coming into the urban centre.

4.0 TERMS AND CONDITIONS OF THE LOAN

The terms and conditions of the Loan are as follows:

Loan Amount	-	€55,000,000.00
Interest Rate	-	6M Libor +5.70% p.a.
Commitment Fee	-	1.00% p.a.
Arrangement Fee	-	1.25% flat
Structuring Fee	-	0.50% flat
Grace Period	-	1.5 years
Repayment Period	-	5 years
Maturity Period	-	6.5 years
All-in-Cost	-	6.25% p.a.

5.0 PROJECT COMPONENTS AND DESCRIPTION

The project components would include the following:

- Earthworks – removal of existing pavement and excavation of the base, average excavation of 0.20 meters per square meter of the road

- Base – a stabilised base with 150mm thickness with 40% crushed rock and 60% laterite natural gravel
- Double surface dressing with binder, aggregates with 10-20mm on the first layer and 6-10mm on the second layer
- Resealing with Double Surface Dressing pavement
- U-drains and culverts
- Construction of outfall drains
- Construction of critical culverts to reduce the flooding being experienced on those sections of the road
- Road markings/signs – continuous line at the centre, at the edge, intermittent marking dividing the lanes. Vertical signs (Stop, roundabout, give way, speed hump, directional signs
- Relocation of utilities

ATTACHMENT: Please find attached as "Appendix", a detailed breakdown of the cost of each component of the Project.



6.0 OBSERVATIONS

6.1 Phased implementation of the Project

The Committee was informed that the Kumasi Inner Ring Road and Adjacent Streets Project has been divided into two phases for implementation purposes. The entire project is programmed to cover 243kms of road. The first phase presently before the House covers 100kms whilst the second phase will cover 143kms of road.

6.2 Beneficiary Sub-Metros

As to which communities would benefit from the project, the Committee was informed by the Deputy Minister for Roads and Highways, Hon.

Kwabena Owusu Aduomi that the beneficiary sub-metros in the Greater Kumasi Metropolis would include Subin, Oforikrom, Asokwa, Nhyiaeso, Manhyia, Tafo/Pankrono, Suame, Bantama and Kwadaso.

6.3 Facility Drawdown

The Committee sought to know how quickly the Government intends to drawdown the loan for the actual commencement of the Project. To this the Committee was informed by officials from the Ministry of Finance that Government intends to ensure the immediate drawdown of the facility within the present financial year. Specifically, €30.00 million has been programmed to be drawdown in 2019.

It was further explained to the committee that the fiscal impact of the facility has been incorporated in the 2019 Budget and Economic Policy Statement of Government and forms part of the anticipated Project Loan Disbursement amount of GH¢4.3 billion.

6.4 Value for Money Audit

The Committee was informed that the Bills of Quantities and other necessary documents concerning the project have been submitted to Crown Agents for the necessary Value-for-Money (VFM) audit which is presently underway.

The Committee advises the Ministry of Finance to follow up and cooperate with Crown Agents to ensure the timely completion of the Value-for-Money audit to ensure the smooth implementation of the project as that audit is a condition precedent (CP) under the Agreement.

6.5 Expected Benefits of the Project

The Committee noted that the project is expected to contribute to improve the road network in Kumasi which is currently in poor conditions with deep gullies, deep depressions, and with several low lyings causing perennial flooding of the roads. Some sections of the roads are said to be presently completely impassable due to the absence of bridges, thus causing residents to undertake long detours before getting to their homes whilst others are forced to leave their vehicles at long distances from their homes.

The areas with the most acute challenges have been selected and included in the Phase 1 in order to bring relief to the residents as soon as possible.

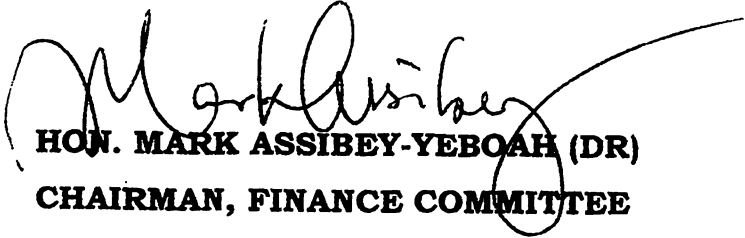
7.0 CONCLUSION

The Committee finds the project to be immensely important towards improved, efficient and cost-effective road transport system with enhanced road safety in the Greater Kumasi Metropolitan Area.

The Committee therefore respectfully recommends to the House to adopt this report and approve by Resolution, the **Credit Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Deutsche Bank AG** (as Agent and Original Lender) and **Deutsche Bank AG, London Branch** (as Arranger and Structuring Bank) for an amount of **Fifty-Five Million Euros (€55,000,000.00)** relating to the **rehabilitation and auxiliary infrastructure of Kumasi Inner Ring Road and Adjacent Streets**

Project (100 km) – Phase 1 in accordance with Article 181 of the 1992
Constitution of the Republic of Ghana.

Respectfully submitted.



HON. MARK ASSIBEY-YEBOAH (DR)
CHAIRMAN, FINANCE COMMITTEE



EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE

13TH JUNE, 2019

APPENDIX

ITEM	DESIGNATION	UN	UNIT RATE	QUANTITY	TOTAL
1 CONCRETE WORKS					
1.1	Supply and instal of reinforced precast U-drains sections, c20/25, with 0.6 x 0.6 meters (free space) including excavation, pouring of binding concrete, backfilling and compaction of soil.	m	€ 239.97	40,605	€ 9,743,938
1.2	Supply and instal of reinforced precast U-drains sections c20/25, with 0.6 x 0.9 meters (free space) including excavation, pouring of binding concrete, backfilling and compaction of soil.	m	€ 344.21	41	€ 14,113
1.3	U-Drain 0.60 Slab	m	€ 61.99	610	€ 37,817
1.4	Supply and installation of prefabricated concrete kerb c20/25, including preparation of the base, supply and pouring of binding concrete.	m	€ 66.42	10,365	€ 688,457
1.5	Concrete Box Culvert 900 X 600 including, excavation, and backfill	m	€ 397.82	695	€ 276,485
1.6	Supply and placement of culvert concrete pipe Ø 900 mm, including excavation, sand bed and embankment.	m	€ 454.74	39	€ 17,735
1.7	Supply and placement of culvert concrete pipe Ø 1200 mm, including excavation, sand bed and embankment.	m	€ 703.55	18	€ 12,664
1.8	Supply and placement of culvert concrete pipe Ø 1800 mm, including excavation, sand bed and embankment.	m	€ 840.46	12	€ 10,086
1.9	Concrete on other elements including reinforcement (120 kg m3), formwork, supply and pouring	m3	€ 1,087.02	598	€ 650,039
SUB-TOTAL					€ 11,451,334
2 EARTHWORKS					
2.1	Filling with Laterite, Including compaction, and transport of material within 20 km of distance	m3	€ 50.20	81,446	€ 4,088,893
2.2	Excavate and Dispose within 20 km of distance	m3	€ 50.12	59,276	€ 2,970,787
2.3	Inspection / Clearing of vegetation, debris, garbage	m2	€ 2.59	744,358	€ 1,926,679
2.4	Preparation of Surface	m2	€ 3.40	744,358	€ 2,526,767
2.5	Excavation of hard material / rock Including transport of material within 20 km of distance	m3	€ 224.71	-	€ -
2.6	Demolition including disposal within 20 km of distance	m3	€ 193.98	200	€ 38,795
2.7	Provide and place selected boulder on site including haulage	m3	€ 119.46	-	€ -
2.8	Transport of aggregates and gravel on distances bigger than 20km from the road location.	m ³ .km	€ 1.14	-	€ -
SUB-TOTAL					€ 11,553,921
3 PAVEMENT					
3.1	Double Surface Dressing pavement including, preparation of surface, sub-base of 150mm natural gravel, base Stabilized Layer 150mm 40% crushed rock - 60% Natural gravel	m2	€ 38.35	-	€ -
3.2	Double Surface Dressing pavement including, preparation of surface, base Stabilized Layer 150mm 40% crushed rock - 60% Natural gravel (to be used in road that are sealed)	m2	€ 31.59	690,448	€ 21,811,963
3.3	Double Surface Dressing pavement including, preparation of surface and base of 150mm natural gravel	m2	€ 28.90	6,952	€ 200,939
3.4	Resealing with Double Surface Dressing pavement surface only.	m2	€ 12.25	46,988	€ 575,553
3.5	Asphalt Pavement 100 mm (2 x Layer of 50mm binder and wearing)	m2	€ 106.70	-	€ -
3.6	Asphalt Pavement including Preparation of Surface, Sub-base Natural Gravel 150 mm, Base Crushed Stone 200mm and Asphalt Layer of 60mm	m2	€ 72.68	-	€ -
SUB-TOTAL					€ 22,588,455
4 MARKINGS AND SIGNALS					
4.1	Markings				
4.1.1	Ditto but 300mm wide at junction to indicate position beyond which a driver should not proceed when required to stop, Ditto but indicate pedestrian crossing	m2	€ 76.03	4,472	€ 340,027
4.1.2	Ditto but continuous marking 150mm at edge of carriageway	m	€ 11.41	16,857	€ 192,330
4.1.3	Ditto but Intermitten marking 120mm wide dividing carriageway into lane (L) m	m	€ 11.20	4,483	€ 50,230
4.2	SIGNALS				
4.2.1	Provide and erect reflective standard road " GIVE WAY", "STOP" and "SPEED HUMP" signs (as per MRH standard drawings, with 600mm side Nr.)	Un	€ 361.23	101	€ 36,484
4.4	A additional transport of equipment and camp site among sub-metros (after first mobilization for that sub-metro has been done)	Un	€ 200,000.00	-	€ -
SUB-TOTAL					€ 619,041
TOTAL CONSTRUCTION					€ 46,212,751

5	GENERAL ITEMS				
	CONTRACT REQUIREMENTS				
A 110	Performance Bond	Sum	€ 221,228	1	€ 221,228
A 120	Provide Contractor's All Risk Insurance	Sum	€ 110,614	1	€ 110,614
	SPECIFIC REQUIREMENTS				
	Employer's supervision (Inclusive of Engineer's representative office, Engineer's facility maintenance, transportation and Provide progress photographs)	%	3%	€ 55,000,000.00	€ 1,650,000
A 250.1	Testing of materials and works as specified in specification (quality ass.)	Sum	€ 315,405	1	€ 315,405
A 272	Provide and maintain traffic safety and systems during construction	mth	€ 31,762	24	€ 762,288
A.279	Provide and erect project sign board	Sum	€ 26,100	1.00	€ 26,100
A 290.3	Allow for the implementation of Health, Safety, Environmental compliance and Social Management Plan an	Sum	€ 319,365	1	€ 319,365
	METHOD RELATED CHARGES				
A 311.1	Installation of camp sites	%	1%	€ 55,000,000.00	€ 550,000
A 311.2	Camp site maintenance during construction period (Including security for the main and satellite camp sites, accommodation, utilities, cleaning...)	mth	€ 23,000	24.00	€ 552,000
A.311.3	Maintain site camp during Defects Notification Period	mth	€ 13,862	12.00	€ 166,344
A 311.4	Removing Contractor Camp sites	Sum	€ 93,905	1	€ 93,905
	Site Survey	%	1%	55,000,000.00	€ 550,000
	Design	%	3%	55,000,000.00	€ 1,650,000
	PROVISIONAL SUMS				
A 420.1	Allow for reinstatement and relocation of utilities services, including provision of ducts and chambers	P.Sum	€ 1,652,000	1	€ 1,652,000
A 420.2	Percentage adjustment to A 420.1	%	€ 1,400,000	12.00%	€ 168,000
				SUB-TOTAL	€ 8,787,249
				TOTAL	€ 55,000,000